



County of Los Angeles **CHIEF ADMINISTRATIVE OFFICE**

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DAVID E. JANSSEN
Chief Administrative Officer

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June 3, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**TEN-YEAR LEASE
DEPARTMENT OF HEALTH SERVICES
600 SOUTH COMMONWEALTH AVENUE, LOS ANGELES
(SECOND) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chair to sign the attached ten-year lease with Commonwealth Enterprises (Lessor), for 4,780 rentable square feet of office space and 17 parking spaces for the Department of Health Services (DHS), HIV/AIDS Surveillance Unit, at 600 South Commonwealth Avenue, Los Angeles at an initial annual cost of approximately \$105,095 including parking. Rental costs are 100 percent subvented by State and Federal funds.
2. Authorize the Lessor and/or Director of the Internal Services Department (ISD) at the direction of the Chief Administrative Office (CAO) to acquire telephone systems for DHS at a cost not to exceed \$30,000. All or part of the telephone, data and low voltage systems will be paid in a lump sum.
3. Find that the proposed Lease Agreement is exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.
4. Approve the project and authorize the CAO, DHS and ISD to implement the project. The lease will commence upon completion and acceptance of the improvements to the space but in any event no later than August 15, 2003.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this recommended action is to allow DHS and its 21-member staff, specifically the HIV/AIDS Surveillance Unit, to occupy 4,780 square feet of needed additional office space for ten years in order to facilitate compliance with State and Federal law regarding HIV/AIDS record reporting. This program is responsible for managing over 45,000 case records and reporting certain information to the State and Federal government. Previously, only AIDS cases were reportable, however, as of July 1, 2002, HIV cases are also reportable. To meet the added demand, six new staff will be added and DHS is anticipating approximately 20,000 new case files within the next three years. This program currently occupies approximately 1,700 square feet at this location in overcrowded conditions which will be vacated and backfilled by the DHS Child Abuse Prevention Program (CAPP) and Children's Health Initiatives (CHI) for administrative functions. The proposed space will allow DHS to enhance the level of HIV case file management and delivery of reporting requirements by supplying sufficient work and case storage area.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we improve the workplace environment in order to enhance quality and productivity (Goal 2, Strategy 2) and that we strengthen the County's fiscal capacity (Goal 4). In this case, we are consolidating multiple departmental functions and housing a subvented program in leased space, in accordance with the Strategic Asset Management Principles, as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The base annual rental cost of this lease will initially be \$80,304 plus \$13,460 for parking and the maximum rental cost if all the TI monies are expended in the first year of the lease term will be approximately \$105,095. The base rent will be subject to annual adjustments based on the Consumer Price Index not to exceed four percent per year; the parking costs will be subject to an annual increase of five percent.

The Honorable Board of Supervisors
June 3, 2003
Page 3

PROPOSED LEASE	600 SOUTH COMMONWEALTH AVENUE, LOS ANGELES
Area (Square Feet)	4,780
Term (Years)	10, commencing upon completion of tenant improvements
Annual Base Rent	\$80,304 (\$16.80/sq. ft.)
Annual Parking	\$13,460 (17 spaces at \$65.98 per space per month)
Tenant Improvement (TI) Included in Base Rent	\$25,000 (\$5.23/sq. ft.)
Maximum Additional TI*	\$80,432.25 (\$11,331 per year)
Cancellation	After two years upon 60 days prior written notice
Option to renew	One five-year option
Rental Adjustment	Annual CPI 4% Cap

* Actual construction costs are estimated to be \$105,432.25. \$80,432.25 represents the amount of TI dollars that will be reimbursed to Lessor and will be amortized over the ten-year term at 7.25 percent per annum.

Sufficient funding for the proposed lease is included in the 2002-03 adopted and the 2003-04 proposed Rent Expense Budget and will be charged back to DHS. Sufficient appropriation has also been included in the 2002-03 adopted and the 2003-04 proposed budget for DHS to cover the projected lease costs.

The cost associated with the proposed lease will be 100 percent subvented by State and Federal funds.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The proposed facility will house the HIV/AIDS Surveillance Unit which is responsible for the reporting of HIV/AIDS cases throughout Los Angeles County. The proposed lease provides 4,780 rentable square feet of office space with 17 parking spaces for a ten-year term. The lease contains the following provisions:

The Honorable Board of Supervisors
June 3, 2003
Page 4

- \$ Ten-year term commencing upon completion of tenant improvements and acceptance by the County.
- \$ An annual base rent of \$80,304. This rent is subject to annual adjustments based on the Consumer Price Index (CPI) capped at four percent (4%) annually.
- \$ A base TI allowance of \$25,000 (\$5.23 per square foot) is included in the rental rate.
- \$ An additional TI allowance of \$80,432 (\$15.50 per square foot) is also included, subject to amortization at the rate of 7.25 percent over the initial ten-year term.
- \$ A change order allowance of \$25,000 is included subject to the same amortization as the additional TI.
- \$ An increase in operating expense provision over the 2003 base year operating costs which are \$.56 cents per square foot.
- \$ A five-year option to renew the lease under the same terms, conditions and rental rate at no less than \$1.55 per square foot.
- \$ A cancellation provision allowing the County to cancel at any time after the end of the second year of the lease term by providing the Lessor with 60 days prior written notice. If the County cancels prior to the fifth year of the lease, we must reimburse the Lessor for a portion of the \$25,000 TI allowance that the Lessor is providing in addition to the remainder of unamortized TI's and a \$5,000 demolition fee.

A short term cancellation provision was negotiated in order to provide DHS with program and cost flexibility. The consolidation of existing DHS leases including the proposed lease totaling 65,563 square feet at this location will be evaluated in 2005 when all the leases can be terminated. If appropriate, the programs will be relocated to improve operational efficiencies.

The Honorable Board of Supervisors
June 3, 2003
Page 5

CAO Real Estate staff surveyed the mid-Wilshire area to determine the availability of comparable and more economic sites. Attachment B shows all County-owned or leased facilities within the search area for this program. It was determined that the proposed location met the program requirements more economically and provided a more effective use of management resources by housing HIV/EPI with existing HIV programs.

Based upon a survey of the market for similar property within the specified area, staff has established that the base rental range including parking for similar property is between \$19.62 and \$26.99 per square foot per year full-service gross. Thus, the base annual rent of \$19.62 for the proposed lease represents a rate in the lower portion of the market value range.

The proposed lease was submitted for review to your Board's appointed Real Estate Management Commission on January 29, 2003. After careful review, it was the Commission's decision to approve the proposed lease.

The Department of Public Works has inspected this facility for seismic safety and has found it suitable for long-term occupancy of the premises by the County.

The building has insufficient space to house a child care center. However, based on the high concentration of County-owned and leased facilities in the Vermont/Wilshire corridor, the CAO is reviewing the feasibility of locating a child care center within this core service area.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The CAO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA as specified in Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.

The Honorable Board of Supervisors
June 3, 2003
Page 6

IMPACT ON CURRENT SERVICES (OR PROJECTS)

It is the finding of the CAO that the proposed lease is in the best interest of the County and will adequately provide the necessary space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, DHS concurs with this lease recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two certified original copies of the executed Lease and Agreement, two certified copies of the Minute Order and the adopted, stamped Board letter to the Chief Administrative Office, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:SNY
CWW:CB:pe

Attachments (4)

c: County Counsel
Auditor-Controller
Department of Health Services
Internal Services Department

**Department of Health Services
600 South Commonwealth Avenue, Los Angeles
Asset Management Principles Compliance Form¹**

1.	<u>Occupancy</u>		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²			<u>X</u>
	B	Does lease co-locate with other functions to better serve clients? ² DHS presently occupies 60,783 square feet in this building.	<u>X</u>		
	C	Does this lease centralize business support functions? ²			<u>X</u>
	D	Does this lease meet the guideline of 200 sf of space per person? ² 228 s.f. per person	<u>X</u>		
2.	<u>Capital</u>				
	A	Should program be in leased space to maximize State/Federal funding?	<u>X</u>		
	B	If not, is this a long term County program?			<u>X</u>
	C	Is it a net County cost (NCC) program? 0.00%		<u>X</u>	
	D	If yes to 2 B or C; capital lease or operating lease with an option?			<u>X</u>
	E	If no, are there any suitable County-owned facilities available?			<u>X</u>
	F	If yes, why is lease being recommended over occupancy in County-owned space?			<u>X</u>
	G	Is Building Description Report attached as Attachment B?	<u>X</u>		
	H	Was build-to-suit or capital project considered? This program should be in leased space pursuant to CAO Asset Management Principles.		<u>X</u>	
3.	<u>Portfolio Management</u>				
	A	Did department utilize CAO Space Request Evaluation (SRE)?	<u>X</u>		
	B	Was the space need justified?	<u>X</u>		
	C	If a renewal lease, was co-location with other County departments considered? DHS currently occupies 60,783 square feet in the building.			<u>X</u>
	D	Why was this program not co-located?			
		1. ___ The program clientele requires a "stand alone" facility.			
		2. ___ No suitable County occupied properties in project area.			
		3. ___ No County-owned facilities available for the project.			
		4. ___ Could not get City clearance or approval.			
		5. <u>X</u> The Program is being co-located.			
	E	Is lease a full service lease? ²	<u>X</u>		
	F	Has growth projection been considered in space request?	<u>X</u>		
	G	Has the Dept. of Public Works completed seismic review/approval?	<u>X</u>		
	¹ As approved by the Board of Supervisors 11/17/98				
	² If not, why not?				

**Department of Health Services
600 South Commonwealth Avenue, Los Angeles**

LACO	FACILITY NAME	ADDRESS	SQUARE FEET GROSS	SQUARE FEET NET	OWNERSHIP	SQUARE FEET AVAILABLE
5252	DPSS-METRO NORTH IHSS / SPECIALIZED SERVICES	5026 SANTA MONICA BLVD, LOS ANGELES 90029	18,645	14,737	OWNED	NONE
A424	DPSS-EQUITABLE PLAZA BUILDING	3435 WILSHIRE BLVD, LOS ANGELES 90010	65,871	62,577	LEASED	NONE
A532	HEALTH-METROPLEX WILSHIRE BUILDING	3530 WILSHIRE BLVD, LOS ANGELES 90010	62,901	56,611	LEASED	NONE
A160	MENTAL HEALTH-HDQRTRS OFFICE ANNEX	3160 W 6TH ST, LOS ANGELES 90020	60,800	28,372	LEASED	NONE
A336	CHILD SUPPORT SERVICES- WILSHIRE CENTRE BLDG	3055 WILSHIRE BLVD, LOS ANGELES 90010	7,755	7,115	LEASED	NONE
A369	DCFS-PROCUREMENT AND SPECIAL SERVICES OFFICE	501 SHATTO PL, LOS ANGELES 90020	17,751	15,976	LEASED	NONE
A408	DCFS-THE U S BORAX BUILDING	3075 WILSHIRE BLVD, LOS ANGELES 90010	132,488	105,568	LEASED	NONE
A409	DCSS-WILSHIRE PLAZA BUILDING	3303 WILSHIRE BLVD, LOS ANGELES 90010	4,000	3,900	LEASED	NONE
A413	HUMAN RESOURCES-WILSHIRE SQUARE TWO BUILDING	3333 WILSHIRE BLVD, LOS ANGELES 90010-4109	62,479	53,176	LEASED	NONE
A425	DCFS-DEPARTMENTAL HEADQUARTERS BLDG	425 SHATTO PL, LOS ANGELES 90020	67,263	63,356	LEASED	NONE
C500	PROBATION-PRETRIAL SERVICES/ BAIL DEVIATION	500 SHATTO PLACE, LOS ANGELES 90020	6,596	5,094	LEASED	NONE
X317	DCSS-LE SAGE COMPLEX 4 STORY BLDG	3175 W 6TH ST, LOS ANGELES 90020	52,230	42,341	OWNED	NONE
X510	DHS-LESAGE COMPLEX 2 STORY BLDG	510 S VERMONT AVENUE, LOS ANGELES 90020	31,540	24,840	OWNED	NONE
X532	DCSS-LE SAGE COMPLEX 1 STORY BLDG	532 S VERMONT AVE, LOS ANGELES 90020	14,126	10,314	OWNED	NONE
X550	MENTAL HEALTH-LE SAGE COMPLEX TWR	550 S VERMONT AVENUE, LOS ANGELES 90020-1991	171,651	149,668	OWNED	NONE
Y193	PARKS & RECREATION- HEADQUARTERS BLDG	433 S VERMONT AVENUE, LOS ANGELES 90020	31,862	21,777	OWNED	NONE
B695	DCFS-ADOPTIONS DIVISION OFFICES	695 S VERMONT AVENUE, LOS ANGELES 90010	71,370	58,635	LEASED	NONE
C660	DPSS-GAIN PROGRAM REG IV/ MEDICAL OUTSTATION	2910 W BEVERLY BLVD, LOS ANGELES 90057	120,327	33,635	LEASED	NONE
A600	CENTRAL CIVIL WEST COURTHOUSE	600 S COMMONWEALTH AVENUE, LOS ANGELES 90005	204,019	151,696	LEASED	NONE
A360	DPSS-METRO NORTH AP/ CALWORKS DISTRICT OFFICE	2601 WILSHIRE BLVD, LOS ANGELES 90057	62,000	60,140	LEASED	NONE
A480	PKS & REC-CAPITAL PROJECTS/ PROJECT MGT OFFICE	680 WILSHIRE PL, LOS ANGELES 90005	7,852	7,159	LEASED	NONE
B922	DPSS-WILSHIRE SPECIAL DISTRICT OFFICE	2415 W 6TH ST, LOS ANGELES 90057	46,228	42,065	LEASED	NONE
5353	DPSS-METRO SPECIAL DISTRICT OFFICE	2707 S GRAND AVE, LOS ANGELES 90007	115,242	89,650	OWNED	NONE
6518	THE ADAMS & GRAND BUILDING	2615 S GRAND AVE, LOS ANGELES 90007	215,439	183,874	OWNED	NONE
A388	ALT PUBLIC DEF-WILSHIRE- BIXEL BLDG	1055 WILSHIRE BLVD, LOS ANGELES 90017	6,500	6,175	LEASED	NONE
5266	METROPOLITAN COURTHOUSE	1945 S HILL ST, LOS ANGELES 90007	303,434	125,469	FINANCED	NONE
0155	STANLEY MOSK COURTHOUSE	111 N HILL ST, LOS ANGELES 90012	794,459	441,761	OWNED	NONE
A436	DPSS-EXPOSITION PARK FAMILY SERVICE CENTER	3833 S VERMONT AVENUE, LOS ANGELES 90037	130,000	110,500	LEASED	NONE

LEASE:
DEPARTMENT: HEALTH SERVICES
LESSOR: COMMONWEALTH ENTERPRISES

INDEX

1.	<u>DESCRIPTION OF PREMISES:</u>	1
2.	<u>TERM:</u>	1
3.	<u>RENT</u>	2
4.	<u>USE:</u>	2
5.	<u>CANCELLATION:</u>	2
6.	<u>HOLDOVER:</u>	2
7.	<u>DAMAGE OR DESTRUCTION:</u>	2
8.	<u>TENANT'S FIXTURES:</u>	3
9.	<u>REPAIR, MAINTENANCE AND REPLACEMENT:</u>	3
10.	<u>UTILITIES:</u>	4
11.	<u>LESSOR'S ACCESS:</u>	4
12.	<u>DEFAULT:</u>	5
13.	<u>ASSIGNMENT SUBLETTING:</u>	6
14.	<u>ALTERATIONS:</u>	6
15.	<u>NOTICES:</u>	6
16.	<u>CONDEMNATION:</u>	7
17.	<u>INSURANCE:</u>	8
18.	<u>TAXES:</u>	8
19.	<u>BINDING ON SUCCESSORS:</u>	9
20.	<u>PARKING SPACES:</u>	9
21.	<u>HAZARDOUS MATERIALS:</u>	9
22.	<u>GENERAL PROVISIONS:</u>	11
23.	<u>WARRANTY OF AUTHORITY:</u>	13
24.	<u>ESTOPPEL CERTIFICATE:</u>	13
25.	<u>TENANT IMPROVEMENTS:</u>	13
26.	<u>RENTAL ADJUSTMENTS:</u>	15
27.	<u>OPERATING COSTS.</u>	16
28.	<u>ASSIGNMENT BY LESSOR</u>	17
29.	<u>CONSIDERATION OF GAIN PROGRAM PARTICIPANTS:</u>	18
30.	<u>SOLICITATION OF CONSIDERATION:</u>	18
31.	<u>LIMITATION OF AUTHORITY:</u>	19
32.	<u>IRREVOCABLE OFFER:</u>	19
	Exhibit A - Plans And Specifications	21
	Exhibit B - Memorandum of Commencement Date	22
	Exhibit C- Cleaning and Maintenance Schedule	23
	Exhibit D - Community Business Enterprise Form	24
	Exhibit E - Memorandum of Tenant Improvement Cost	25

COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT is made and entered into in duplicate original this ____ day of _____, 2003, by and between COMMONWEALTH ENTERPRISES, hereinafter referred to as the Lessor, and the COUNTY OF LOS ANGELES, a body politic and corporate, hereinafter referred to as the Lessee,

W I T N E S S E T H:

1 DESCRIPTION OF PREMISES:

The Lessor, for and in consideration of the performance of the covenants and agreements hereinafter contained to be kept and performed by the Lessee, upon the following terms and conditions, hereby leases to the Lessee, and the Lessee hereby hires and takes of and from the Lessor, those certain premises located in the County of Los Angeles, State of California, more particularly described as follows:

Approximately 4,780 rentable square feet of office space located on the twelfth floor (Suite 1260) at 600 South Commonwealth Avenue, Los Angeles, California and 17 structured/surface parking spaces hereafter referred to as the Premises.

2. TERM:

A. Original Term

The term of this Lease shall be for a period of ten (10) years beginning upon completion of improvements by Lessor evidenced by the issuance of a Certificate of Occupancy (or a Temporary Certificate of Occupancy), or a final sign-off, if applicable) by the City of Los Angeles, pursuant to Paragraph 25 and acceptance thereof by the Lessee, but in no event later than August 15, 2003 and ending August 14, 2013 thereafter. Notwithstanding the prior commencement of the Lease term, the rent shall not be due and owing until said Lessee accepts the improvements to be performed by Lessor. Should there be any delays beyond the control of the Lessor, then the Lease commencement date may be adjusted accordingly upon the mutual consent of Lessee and Lessor. Said acceptance and commencement of rent shall not occur any earlier than thirty (30) days after completion of construction of the telephone equipment room, if applicable, including permanent power and HVAC, in compliance with the attached plans and specifications referenced as Exhibit "A". Additionally, said acceptance and commencement of rent shall not occur any earlier than 15 days after receiving a notice from Lessor indicating that all tenant improvements required have been completed in compliance with the attached plans and specifications (Exhibit "A") and the space is ready for beneficial occupancy. In the event Lessee conducts a walkthrough and it is determined by Lessee, at Lessee's sole discretion, that the tenant improvements have not been completed, or the space is not ready for Lessee's occupancy, then, Lessee shall not be obligated to commence the rent per Paragraph 3 herein until actual beneficial occupancy. Additionally, Lessor shall be required to provide Lessee with another notice, and Lessee shall not accept the space any sooner than fifteen (15) days from the date of the second notice.

The process may be repeated until the tenant improvements are completed and the space is ready for Lessee's occupancy. Lessee shall not unreasonably withhold its approval. Lessee hereby agrees to make timely inspections and to make timely notices of its approval or disapproval of said work. Lessor and Lessee shall promptly execute the "Memorandum of Commencement Date" attached hereto as [Exhibit "B"](#) following commencement of the Lease term subject to any remaining minor punch-list items. The Chief Administrative Officer, is hereby authorized to sign on behalf of Lessee.

B. Options to Renew:

Lessee shall have the option to renew this Lease for a [period of five \(5\) years](#) under the same terms and conditions including rental rate and cancellation right, however, rent shall not be less than \$1.55 per square foot per month. Lessee, by Chief Administrative Office letter, shall notify Lessor in writing not less than sixty (60) days prior to expiration of the Lease term of Lessee's intention to exercise its option. The actual exercise of the option shall be only by the Board of Supervisors prior to the expiration of the lease term.

3. RENT:

The Lessee hereby agrees to pay as rent for said demised Premises during the term the sum of ~~Six Thousand Six Hundred Ninety-Two Dollars and 00/100 (\$6,692.00)~~ per month, [i.e., \\$1.40 per rentable](#) square foot per month, payable in advance by Auditor's General Warrant. Rental payments shall be payable within fifteen days after the first day of each and every month of the term hereof provided Lessor has caused a claim therefor for each such month to be filed with the Auditor of the County of Los Angeles prior to the first day of each month.

4. USE:

Lessor agrees that the demised Premises together with all appurtenances thereto belonging or in any wise appertaining, shall be [used by the Lessee as office](#) space for the [Department of Health Services](#) and for other governmental purposes or lawful purposes during normal working hours, after normal working hours, and on weekends and holidays as Lessee may desire.

5. CANCELLATION:

Lessee shall have the right to cancel this Lease at any time [after two \(2\) years of the initial term or anytime during the renewal term](#) by giving Lessor not less than [sixty \(60\)](#) days prior written notice by Chief Administrative Office letter. In the event Lessee cancels the Lease prior to the fifth year, Lessee shall reimburse Lessor for all remaining unamortized additional Tenant Improvement (TI) costs at an interest rate of 7.25 percent and for a prorated portion of Lessor's \$25,000 TI allowance cost based on a no interest straight line amortization, and for demolition costs in the fixed amount of Five Thousand Dollars and 00/100 (\$5,000). In the event of cancellation after the fifth year, Lessee shall reimburse Lessor only for all remaining unamortized additional TI costs, if any. Such payment shall be made in a lump sum payment within thirty (30) days of cancellation.

6. HOLDOVER:

In case Lessee holds over beyond the end of the term provided with the consent express or implied of Lessor, such tenancy shall be for two (2) month periods only, subject to the terms and conditions of this Lease, but shall not be a renewal hereof, and the rent shall be at the rate prevailing under the terms of this Lease. Either party may



during the holdover cancel this Lease by giving the other party not less than sixty (60) days prior written notice.

7. DAMAGE OR DESTRUCTION:

Lessor agrees that should the demised Premises be damaged by fire, incidents of war, earthquake, or other elements as to render them reasonably unfit for Lessee's occupancy, as determined by Lessee's sole discretion, then this Lease shall be terminated immediately upon the happening of any such event whereupon Lessee shall surrender the Premises and shall not be obligated for any further rental and Lessor shall refund any unearned rent paid in advance by Lessee calculated at a daily rate based on the regular monthly rental.

In the event of any lesser damage by any such cause that results in damage to ten percent (10%) or less of net usable area of the Premises, then Lessor shall commence the repair and restoration of the Premises within fifteen (15) days of the event which necessitated the repair and restoration. In the event of any such cause which results in damage to more than ten percent (10%) of the net usable area of the Premises, then Lessee shall have the right at its sole discretion to either surrender the Premises and not be obligated for any further rental under this Lease and Agreement, or to cause Lessor to commence the repair and restoration of the Premises within fifteen (15) days of the event that necessitated the repair and restoration.

Commencement of the repair and restoration under either of the aforementioned conditions shall require (1) securing the area to prevent injury to persons and/or vandalism to the improvements, and (2) the placement of a work order or contract for obtaining the Labor and Materials to accomplish the repair and restoration. If Lessor should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Lessee may give Lessor fifteen (15) working days prior written notice and thereafter perform or cause to be performed the restoration work and deduct the cost thereof from the installments of rent next due as a charge against the Lessor.

Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made effective on the date of such destruction. The proportionate reduction is to be based upon the proportion that the amount of rentable square feet within the leased Premises rendered unusable to Lessee bears to the whole rentable thereof. Lessee shall not be entitled to an abatement of rent pursuant to this provision when the damage to the Premises is the result of negligence or intentional acts of Lessee's employees.

8. TENANT'S FIXTURES:

Lessor agrees that the Lessee may remove, at its own expense, during or at the expiration or other termination of the term of this Lease, or any extension or holdover period thereof, as the case may be, all fixtures, equipment and all other personal property placed or installed in or upon the demised Premises by the Lessee, or under its authority.

9. REPAIR, MAINTENANCE AND REPLACEMENT:

A. This Lease is a full service lease:

Therefore, Lessor agrees to repair, maintain and replace as necessary at Lessor's own expense the entire interior and exterior of the Premises. Lessor's responsibility shall include, but not be limited to lamps and tubes, exposed plumbing, fire sprinklers, if applicable, windows, window coverings, fire extinguishers, floor coverings, the sewer system, the grounds, parking

spaces whether surface or structured parking (including resurfacing, restriping, landscaping, sweeping and provision of adequate lighting, as applicable), and the basic structure. Basic structure is agreed to include: all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, elevators (including elevator hydraulic system, and casing for elevator ram), stairways, concealed electrical systems, and heating, ventilating and air conditioning system and fire sprinklers, if applicable. As part of Lessor's responsibilities for maintaining the Premises, Lessor shall provide for (1) furnishing and maintaining sewer services and trash removal and (2) janitorial supplies (including restroom supplies) and janitorial services in accordance with the schedule attached to this Lease as Exhibit "C".

B. Failure to Repair:

In the event Lessor should fail, neglect or refuse to commence the repair, replacement or maintenance work required by Paragraph 9A herein within five (5) days after written notice has been served by Lessee, or fail, neglect or refuse to pursue said replacement or maintenance work with reasonable diligence to completion, the Lessee at its sole discretion may perform or cause to be performed said repair, replacement or maintenance work and deduct the reasonable cost thereof from the installments of rent next due as a charge to the Lessor, or the Lessee at its sole discretion may surrender the Premises and shall not be liable for any further rental under this Lease and Agreement.

C. Return of Premises:

Lessee agrees to return said Premises to Lessor in as good condition as when rented, ordinary wear and tear, damage by earthquake, fire or the elements and other disaster or casualty excepted.

D. Replacement:

In the event that items specified in Paragraph 9A wear out or fail or are damaged by earthquake, fire or the elements, and/or other public disaster or casualty, the Lessor shall replace said items at its own expense, subject to the provisions of Paragraph 7.

10. UTILITIES:

Lessor agrees to pay when due all charges for the use of the sewer, effluent treatment, when and if imposed by any Governmental authority, all water, sprinkler standby charges, electricity, gas, and other lighting, heating, and power and other utility rents and charges accruing or payable in connection with the demised Premises during the term of this Lease or any renewal, extension, or holdover thereof, whether the same are pro-rated or measured by separate meters.

If Lessee installs additional equipment outside the parameters of the original plan and specifications which increases electrical usage, Lessee agrees to pay for a separate meter and separately metered use of electricity. Payment shall be based upon the monthly meter reading. Lessee reserves the right to verify Lessor's calculations and the monthly charges for a period of thirty (30) days after receipt of each monthly invoice.

In the event Lessor fails or refuses to pay any or all of the charges when due, Lessee may give Lessor ten (10) calendar days prior written notice and thereafter pay directly such charges and deduct the payments from the installments of rent next due as a charge against the Lessor, or the Lessee at its sole discretion may surrender the Premises and shall not be liable for any further rental under this Lease and Agreement.

11. LESSOR'S ACCESS:

Lessee agrees to permit the Lessor or Lessor's authorized agents free access to the demised Premises at all reasonable times for the purpose of inspection or for making necessary improvements or repairs.

12. DEFAULT:

1. Default by Lessee:

Lessee agrees that if default shall be made in the payment of rent in the manner herein provided or in any of the covenants or agreements herein contained on the part of the Lessee to be kept and performed which constitute a material breach of the Lease, it shall be lawful for the Lessor to declare said term ended and to terminate this Lease upon the giving of thirty (30) days written notice. In addition thereto, Lessor shall have such other rights or remedies as may be provided by law. Lessor may not terminate the Lease if (1) Lessee cures the default within the thirty (30) day period after the notice is given, or (2) the default cannot reasonably be cured within the thirty (30) days after notice is given, but Lessee reasonably commences to cure the default within the thirty (30) days period and diligently and in good faith continues to cure the default.

2. Default by Lessor:

Lessor shall not be in default in the performance of any obligation required to be performed under this Lease unless Lessor has failed to perform such obligation within thirty (30) days after the receipt of written notice of default from Lessee specifying in detail Lessor's failure to perform or within such shorter period of time as may be specified herein. Lessee may terminate this Lease upon Lessor's default of any material obligation upon giving of thirty (30) days written notice of termination. In addition thereto, Lessee shall have such other rights or remedies as may be provided by law. Lessee may not terminate the Lease if (1) Lessor performs and meets the obligation within the thirty (30) day period (or shorter specified period) after notice of default is given, or (2) the obligation cannot reasonably be performed within thirty (30) days after notice of default is given, but Lessor reasonably commences to cure the default within the thirty (30) day period (or shorter specified period pursuant to [Paragraphs 7, 12, 16, and 22](#)) and diligently and in good faith continues to cure the default.

Lessee shall not exercise any of its rights under this Paragraph, other than its rights to give notice, until Lessee gives notice to any person who has requested in writing notice of Lessor's default, and has specified that person's interest in the Lease. The notice to such person shall be for the same period of time as that to which Lessor is entitled. Such person shall have the right to cure the default within the same period of time, after notice, to which Lessor would be entitled.

If Lessor or such person does not cure the default, Lessee may exercise any of its rights or remedies provided for or permitted in this Lease or pursuant to law, including the right to recover any damages proximately caused by the default.

If Lessee is permitted to cure the default under the terms of this Lease, and elects to do so, then Lessee shall be entitled to reimbursement for all of its costs incurred, as well as to recovery for all damages proximately caused to it because of the default.

3. Request for Notice of Default

Lessor shall obtain prior to the Lessee's occupancy of the Premises, a Request for Notice of Default, in a recordable form, executed and acknowledged by Lessor, requesting that the County be notified of any Notice of Default filed by any of Lessor's lenders, to the address of County as specified in Section 15 of this lease.

4. Receipt of Notice

Notwithstanding anything in Paragraph 15 herein to the contrary, receipt of notice under this Paragraph shall be conclusively presumed to have occurred on the earliest of:

1. The date of personal delivery to Lessor or to Lessor's agent or employee at Lessor's place of business, or to a resident over eighteen (18) years of age at Lessor's residence.
2. The date of delivery shown upon the United States Postal Service's return receipt for certified or registered mail.
3. Ten (10) days after deposit of notice to the address stipulated in Paragraph 15, sent by first class mail with the United States Postal Service, provided prior or concurrent notice has been attempted pursuant to Paragraph 15, but delivery has been refused or the notice otherwise returned without delivery.

13. ASSIGNMENT SUBLETTING:

With Lessor's consent, Lessee shall have the right to assign this lease or sub-lease the Premises so long as the intended use is consistent and compatible with the other tenancies within the building and/or surrounding buildings and upon the condition that the assignee or sub-lessee expressly assumes and agrees in writing to pay the rent and to perform each and every covenant and agreement in this lease required by Lessee to be paid or to be performed. Lessee agrees to notify Lessor of any change in tenancy. Notwithstanding the foregoing, Lessee shall have the right at all times to assign or sublease to another government agency, assignee, contractor or sub-contractor of the County without Lessor's written consent so long as the intended use is consistent and compatible with the other tenancies within the building Premises and/or surrounding buildings.

14. ALTERATIONS:

Lessor and Lessee agree not to make any structural alterations in or on the demised Premises without first securing the prior written consent of the other party and further agree to make such alterations only at such time that it is agreeable to said other party. Consent shall be given or denied within thirty (30) days of receipt of written request. Consent shall not be unreasonably withheld. Should there be no response within thirty (30) days the request is deemed approved. "Structural" alterations shall be any modification to the improvements which results in a change in the structural integrity of the improvements or alters the gross cubic area of the improvements. Notwithstanding any other provision, the Lessee may make non-structural alterations without Lessor's prior written consent.

Any alterations installed by Lessee which are "trade fixtures as such are defined by the law of eminent domain shall be treated as tenant's fixtures in accordance with the provisions of this Lease and Agreement

15. NOTICES:

Notices desired or required to be given by this Lease or by any law now or hereinafter in effect shall be given by enclosing the same in a sealed envelope with postage



prepaid, certified or registered mail, return receipt requested, with the United States Postal Service.

Any such notice and the envelope containing the same shall be addressed to the Lessor as follows:

Commonwealth Enterprises
Attn: Arthur Blech
600 South Commonwealth Avenue, Suite 1250
Los Angeles, CA. 90005

or such other place as may hereinafter be designated in writing by the Lessor except that Lessor shall at all times maintain a mailing address in California. The notices and envelopes containing the same shall be addressed to the Lessee as follows:

Board of Supervisors
Kenneth Hahn Hall of Administration, Room 383
500 West Temple Street
Los Angeles, CA 90012
with a copy to:

Chief Administrative Office, Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, CA 90012
Attention: Director of Real Estate

16. CONDEMNATION:

If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation") any award for the taking of all or any part of the Premises shall be the property of the Lessor, to the extent it is compensation for the taking of the fee or as severance damages. Lessee shall be entitled to that portion of the award, if any, attributable to Lessee's trade fixtures and improvements and for the bonus value of Lessee's leasehold. "Trade fixtures" are agreed to include any tenant improvements installed at the Lessee's request to the extent that Lessee has reimbursed Lessor for such tenant improvements in a lump sum or through amortization included in the rent payments. This Lease shall remain in full force and effect as to the portion of the Premises remaining except that the rent shall be reduced in the proportion that the area taken bears to the total leased Premises.

In the event of a partial taking of the structure, Lessor shall use the proceeds of the condemnation received by Lessor to restore the Premises to a complete architectural unit of a quality, appearance and functional utility at least consistent with the structure as it existed prior to the taking. Rent shall abate for such time and for such area as reconstruction is required and areas are not secure, weather-tight, and usable as office space. Failure of Lessor to commence such restoration within thirty (30) days of the actual physical taking of a portion of the structure shall be grounds for Lessee to cancel this Lease by giving Lessor fifteen (15) days advance written notice of such cancellation, or Lessee, in its discretion, may elect to undertake directly the restoration and deduct the costs thereof from the installments of rent next payable to the Lessor. Commencement under the aforementioned condition shall require (1) securing the

area to prevent injury to persons and/or vandalism to the improvements, and (2) the placement of a work order or contract for obtaining the Labor and Materials to accomplish the restoration.

Within fifteen (15) days of receipt of the offer to acquire the property pursuant to Section 7267.2 of the Government Code or, within fifteen (15) days of the date landlord receives notice of the RESOLUTION of NECESSITY to condemn property, whichever is earlier, Lessor shall notify Lessee in writing (1) of condemnation proceeding and (2) physical extent of the Premises that will be affected by the proposed taking.

If more than ten percent (10%) of the floor area of the improvements on the Premises, or more than twenty-five percent (25%) of the land area of the Premises, which is not occupied by any improvements, is taken by condemnation, Lessee may cancel this Lease. The parties agree that Lessor and Lessee shall each receive independently their relocation assistance.

In the event of a partial taking of the parking area, Lessor shall use his best effort to provide Lessee with seventeen (17) exclusive off-street in-and-out parking spaces within five hundred (500) feet of the demised Premises. Lessee may at its sole discretion negotiate with Lessor for an equitable reduction in the monthly rent based upon the Fair Market Value of such parking or the loss of such parking if not replaced.

Notwithstanding the above, failure of the Lessor to provide a minimum of seventeen (17) spaces at all times shall entitle Lessee to cancel this Lease by giving Lessor fifteen (15) days' advance written notice of such cancellation.

17. **INSURANCE:**

A. During the term of Lessee's occupancy, Lessor shall keep the buildings and improvements on the demised premises insured against loss or damage by fire, lightning, vandalism, malicious mischief, and such perils ordinarily defined as "extended coverage" in an amount not less than the full insurable replacement value of said buildings and improvements. The full insurable replacement value shall be reviewed by the insurer at least every year to assure sufficient coverage.

B. During the term of this Lease, Lessor shall also at all times maintain in force a policy of comprehensive public liability insurance insuring against injury to persons and damage to property. This policy shall have a combined single limit coverage of not less than One Million Dollars (\$1,000,000) per occurrence. The policy coverage shall be reviewed by the insurer at least every year to assure sufficient coverage.

C. Lessor shall cause Lessee to be named as an additional insured on each of the policies described above and each such policy shall require written notice to Lessee at least thirty (30) days prior to the expiration or other termination of the coverage. Lessor shall at all times be responsible for providing Lessee with evidence that such coverages are in effect and have not been terminated. In the event that Lessor causes or permits the insurance policy or policies to lapse or otherwise terminate, Lessee shall have the option to obtain the policy and deduct the premiums therefor from the rental payments next due or to self-insure, or Lessee at its sole discretion may surrender the Premises effective as of the date specified in the written notice of such surrender and Lessee shall not be liable for any further rental under the Lease and Agreement.

D. Lessor shall indemnify, defend and save harmless Lessee, its agents, officers and employees from and against any and all liability, expenses (including defense costs and legal fees), and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury, or property damage arising from or connected with Lessor's use, maintenance or ownership of the Premises.

Lessee shall indemnify and hold Lessor, its agents, officers and employees free and harmless from any and all liability, claims, loss, damages or expenses (including defense costs and legal fees), arising by reason of bodily injury, death, personal injury, or property damage resulting from Lessee's activities on the Premises.

18. TAXES:

Lessor shall pay promptly all real property taxes, assessments and special assessments which may be levied or assessed against the demised Premises during the term of this lease or any renewal or holdover period thereof.

In the event Lessor fails or refuses to pay any or all of the taxes or assessments when due, Lessee may give Lessor thirty (30) calendar days prior written notice and thereafter pay such taxes and assessments and deduct the payments from the installments of rent.

19. BINDING ON SUCCESSORS:

Each and all of the terms and agreements herein contained shall be binding upon and shall inure to the benefit of the successors in interest of the Lessor, and wherever the context permits or requires, the successors in interest to the Lessee.

20. PARKING SPACES:

Lessor shall provide for the **exclusive** use by Lessee during the term of this Lease and Agreement or any renewal or holdover period as the case may be, seventeen (17) off-street in-and-out parking spaces located in the subterranean parking garage of the building at 600 South Commonwealth Avenue. Lessee shall pay One Thousand One Hundred Twenty-One and 66/100 Dollars (\$1,121.66) per month (\$65.98 per space), fixed for the first year of the lease term. Any increase thereafter will be limited to five percent (5%) per space per annum. Lessee shall have the right to rent additional spaces, if available. No tandem spaces will be included, unless they are at Lessor's sole cost and expense on a valet basis, and all spaces will be in-and-out as long as that design is consistent with County policy.

Lessor shall use his best effort to provide Lessee **with seventeen (17) exclusive spaces** at all times. If Lessor provides less **than seventeen (17) spaces** Lessee may at its sole discretion negotiate with Lessor for an equitable reduction in the monthly rent based upon the Fair Market Value of such parking or the loss of such parking if not replaced.

Notwithstanding the above, failure of the Lessor to provide a minimum of seventeen (17) **spaces** at all times shall entitle Lessee to cancel this Lease and Agreement by giving Lessor fifteen (15) days advance written notice of such cancellation.

21. HAZARDOUS MATERIALS:

A. Definition:

For purposes of this Agreement, the term "hazardous substances" shall be deemed to include hazardous, toxic or radioactive substances as defined in California Health and Safety Code Section 25316 as amended from time to time, or the same or a related defined term in any successor or companion statutes, and crude oil or byproducts of crude oil other than crude oil which exists on the property as a natural formation, and those chemicals and substances identified pursuant to Health and Safety Code Section 25249.8.

B. Warranties and Representations:

1. Lessor hereby warrants and represents, based upon appropriate and reasonable inspection of the Premises, that during its ownership of the Premises; hazardous substances have not been released on the

Premises; that it has no knowledge of any release of hazardous substances on the Premises occurring before its ownership; that it has no knowledge or reason to believe that there are hazardous substances on the Premises; that Lessor shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of hazardous substances; and that Lessor shall require all other tenants, if any, of the subject property to comply with the aforementioned rules and regulation.

2. Lessee hereby warrants and represents that it shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of hazardous substances on the Premises.

C. Notice:

Lessor and Lessee agree to immediately notify each other when either party learns that hazardous substances have been released on the Premises or, if a multi-tenant property, on the subject property.

D. Indemnity:

1. Lessor agrees to indemnify, defend and save Lessee, its agents, offices and employees from or against all liability, expenses (including defense costs, legal fees, and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of hazardous substances on the Premises which has not been caused by Lessee.
2. Lessee agrees to indemnify, defend and save harmless Lessor from and against all liability, expenses (including defense costs, legal fees and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of hazardous substances on the Premises caused by Lessee.
3. The indemnity provided each party by this provision shall survive the termination of this Lease.

E. Default:

The presence or release of hazardous substances on the Premises and/or subject property, which is not caused by Lessee and which threatens the health and safety of Lessee's agents, officers, employees or invitees, as determined by Lessee's sole discretion, shall entitle Lessee to immediately terminate this Lease. In the event of such termination, Lessee shall not be obligated for any further rental and Lessor shall refund any unearned rent paid in advance by Lessee calculated at a daily rate based on the regular monthly rental.

F. Operating Costs:

Costs incurred by Lessor as a result of the presence or release of hazardous substances on the Premises and/or subject property which is not caused by Lessee are extraordinary costs not considered normal operating expenses and shall not be passed through to Lessee as part of its obligation, if any, to pay operating expenses.

G. Asbestos Notification:

Lessor represents, based upon a professional inspection of the subject Premises, that the subject Premises contain no asbestos containing materials, other than those reflected in the report. Lessor agrees, prior to Lessee's occupancy, to abate, at Lessor's sole cost and expense, all asbestos containing materials, and provide Lessee with an updated report from a

licensed California Asbestos Contractor to that effect.

Lessor agrees to notify Lessee at least annually of Lessor's knowledge of the presence of asbestos containing materials within the building of which the demised Premises is part. Such notification shall comply with Health and Safety Code Sections 25915 et seq as amended from time to time or as required by any successor or companion statutes enacted subsequent to this Lease and Agreement.

H. Indoor Air Pollution Notification:

Lessor represents and warrants that a) there have been no complaints regarding the indoor air quality anywhere in the building or in the ventilating system; b) the Lessor will deliver to Lessee copies of any such complaints received; c) to the best of Lessor's knowledge there are no indoor air pollution and/or air quality problems in the building; and d) the Lessor will notify Lessee if any indoor air quality or environmental problem is discovered or reported in the building, and undertake to correct such problem at Lessor's sole cost and expense.

22. GENERAL PROVISIONS:

A. Waiver

The waiver by Lessor or Lessee of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term, covenant or condition herein contained.

B. Marginal Headings

The paragraph titles in this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

C. Time

Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.

D. Recordation

Either party may record this Lease at any time without the prior written consent of the other party.

E. Quiet Possession

Upon Lessee paying the rent hereunder Lessee shall have quiet possession of the demised Premises for the entire term hereof subject to all the provisions in this Lease. If any underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, this Lease shall nevertheless remain in full force and effect and Lessee at all times shall be entitled to quiet possession and use of the Premises and shall, notwithstanding any subordination, and upon the request of such successor in interest to Lessor, attorn to and become the Lessee of the successor in interest to Lessor.

F. Prior Agreements

This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease and no prior agreements or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors-in-interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.

G. Force Majeure

In the event that either party is delayed or hindered from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials not related to the price thereof, failure of power, restrictive governmental laws and regulations, riots, insurrection, war or other reasons of a like nature beyond the control of such party, then performance of such acts shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

H. Separability

Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

I. Cumulative Remedies

No remedy or election hereunder shall be deemed exclusive but shall wherever possible be cumulative with all other remedies at law or in equity.

J. Choice of Law

This Lease shall be governed by the laws of the State of California, exclusive of conflict of law provisions.

K. Warranties or Guarantees

In the event that any of the items required to be maintained and repaired by the Lessor under the provisions of Paragraph 9A herein are protected by warranties or guarantees the Lessee shall be entitled to the full benefit of such protection as if it were the original purchaser thereof.

L. Impairment of Title

Lessor hereby covenants to notify Lessee in writing within thirty (30) days of each and every occurrence which may impair Lessor's title to the demised Premises. Such occurrences include, but are not limited to, default on a trust deed, transfer of any interest in any trust deed, notification of any lien recordation, notification of any foreclosure, and notification of default in the master lease. Lessor further agrees to notify Lessee, in writing, within ten (10) days of receipt of any written notice regarding redevelopment, zoning, or conditional use permits which affect the property, the subject of this Lease or real property adjacent thereto.

M. Construction

Any and all construction pertaining to this Lease and Agreement by Lessor or his designated contractors or subcontractors shall comply with all applicable City, County, State and Federal regulations, codes and ordinances, including but not limited to all provisions of the Labor Code of the State of California. Under the provisions of said Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements.

Particulars of the current Prevailing Wage Scale, as approved by the Board of Supervisors, which are applicable to the work contemplated are filed with the Clerk of the Board of Supervisors and must be posted at the subject site.

N. Interpretation

The language of this Lease shall be construed according to its fair meaning and not strictly for or against Lessor or Lessee, pursuant to the laws of the State of California.

O. Community Business Enterprise

Lessor is encouraged to use Community Business Enterprises (CBE) in all contracts when possible as sources for supplies, equipment, construction and services. This shall apply during any applicable tenant improvement construction, modular furniture installation and services to be provided during the lease term.

Lessor shall submit evidence of CBE participation by providing completed copies of the Community Business Enterprise Firm Information, form attached hereto as [Exhibit "D"](#), at the time of signing this Lease and Agreement and thereafter on an annual basis on or before December 30th of each year of the term of this Agreement.

P. Lobbyists

Lessor and each County lobbyist or County lobbying firm as defined in Los Angeles County Code Section 2.160.010, retained by Lessor, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of Lessor or any County lobbyist or County lobbying firm retained by Lessor to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Agreement upon which County may immediately terminate or suspend this Lease and Agreement.

23. WARRANTY OF AUTHORITY:

Each of the undersigned signatories for the Lessor hereby personally covenant, warrant and guarantee that each of them, jointly and severally, have the power and authority to execute this Lease upon the terms and conditions stated herein and each agrees to indemnify and hold harmless the Lessee from all damages, costs, and expenses, which result from a breach of this material representation.

24. ESTOPPEL CERTIFICATE:

Either party shall at any time upon not less than thirty(30) days' prior written notice from the other party execute, acknowledge and deliver to the requesting party a statement in writing (1) certifying that this Agreement is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Agreement, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (2) acknowledging that there are not to the declarant's knowledge, any uncured defaults on the part of either party hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the building complex or any other interested party. Failure to deliver such statement within such time shall be conclusive evidence (a) that this Agreement is in full force and effect without modification except as may be represented by the requesting party in the written request for the certificate, (b) that there are no uncured defaults in either party's performance, and (c) that not more than one month's rent has been paid in advance.

25. TENANT IMPROVEMENTS:

A. Tenant Improvement Allowance:

Lessor within ten (10) days after receipt of a duly executed copy of this Lease document, County-approved preliminary plans and a permit, will, at its own expense, cause the proposed interior tenant improvements to be constructed pursuant to the plans and specifications attached as Exhibit "A". The proposed interior tenant improvements are to be provided by Lessor at an estimated cost of One Hundred Five Thousand Four Hundred Thirty-Two and 25/100 Dollars (\$105,432.25). Lessor shall provide a base allowance amount of \$25,000 which is included in the base rent set forth in Paragraph 3 of the Lease.

B. Additional Tenant Improvement Allowance:

Lessee agrees to reimburse Lessor for tenant improvements, up to an amount that does not exceed Eighty Thousand Four Hundred Thirty-Two and 25/100 Dollars (\$80,432.25), plus any change order amounts, if applicable. Lessee will amortize said cost at the rate of seven and a quarter percent (7.25%) per annum over the lease term, or Nine Hundred Forty-Four and 28/100 Dollars (\$944.28) per month, which shall be added to the base rent set forth in Paragraph 3. The Lessee may at anytime during the Lease term pay Lessor in a lump sum for all or any portion of this tenant improvement cost and reduce the rental rate per Paragraph 3 accordingly. Lessor will notify Lessee of the tenant improvement final cost for the Premises, and the amount payable monthly by Lessee in addition to the rent. For purposes of ascertaining the actual cost of said tenant improvements, Lessor shall provide to Lessee, upon the issuance of a Certificate of Occupancy, or a final sign-off by the [City of Los Angeles](#), a detailed breakdown of the total costs of completing the tenant improvements and execute a summarized breakdown of these total costs of the tenant improvements in the form of the attached [Exhibit "E"](#) with the right to audit these costs for a period of Twenty-four months from the date of completion and acceptance by Lessee of the tenant improvements.

In the event Lessee requests a rent reduction due to its audit of these costs, Lessee shall provide Lessor with a copy of the audit summary as part of its request.

The working drawings are to be prepared in accordance with preliminary plans and specifications [No. 19-02 dated 4/29/03 by the Director of Real Estate](#). Said Plans and Specifications are also on file with the Chief Administrative Office and identified as Exhibit "A" and incorporated herein by reference thereto and Lessor has a duplicate copy. Lessor shall provide any final working drawings required from said preliminary plans with Lessee having the right to review and approve said final working drawings. All work, construction and materials shall be in final working drawings and specifications. All circuit breakers, fire sprinklers, and plumbing shut off valves shall be labeled as to areas controlled both on the drawings and on the breaker panels and valves. Upon completion Lessor shall furnish the Chief Administrative Office with one (1) complete set of reproducible as-built drawings of the tenant improvements plus a copy of the as-built plans in an Auto CAD DFX file, together with the existing plans, in possession of Lessor, showing the locations of any underground utility lines and their depths.

The Premises shall meet all applicable City, County State and Federal building codes, regulations and ordinances required for beneficial occupancy. Any work, including construction, that Lessor must undertake to obtain the necessary jurisdictional approvals for occupancy shall be at Lessor's sole cost and expense. Any work to meet applicable code requirements necessitated by Lessee's special requirements shall be at Lessor's sole cost and expense. All work for required asbestos abatement, fire sprinkler system, or air conditioning system conversion shall be performed at the sole cost and expense of Lessor.

C. Completion

The parties agree that the estimated time for completion of said tenant improvements is 75 days from the date of issuance of the building permit based on the Construction Schedule attached herewith as Exhibit "D". Lessor shall file for a building permit to construct the improvements within ten (10) days of completion of final working drawings and acceptance by Lessee and diligently pursue to obtain the permit as soon as possible.

Additionally, Lessor shall complete the telephone equipment room(s), if

applicable, including permanent power and HVAC in compliance with the plans and specifications referenced above as [Exhibit "A"](#) at least thirty (30) days prior to the estimated completion date. During this thirty (30) day period, the Lessor shall be responsible for any telephone/data equipment delivered to the site for programming prior to the completion date.

Completion may be delayed by:

1. Acts or omissions of Lessee or of any employees or agents of Lessee (including change orders in the work), or
2. Any act of God which Lessor could not have reasonably foreseen and provided for, or
3. Any strikes, boycotts or like obstructive acts by employees or labor organizations which Lessor cannot overcome with reasonable effort and could not reasonably have foreseen and provided for, or
4. Any war or declaration of a state of national emergency, or
5. The imposition by government action or authority of restrictions upon the procurement of labor or materials necessary for the completion of the building Premises.

D. Change Orders

All Lessee requested and approved change orders shall not exceed a total cost of Twenty-Five Thousand Dollars (\$25,000) and Lessor shall not be required to accept any particular change order if the total cost of prior Lessee initiated change orders exceeds Twenty-Five Thousand Dollars (\$25,000). Lessee shall reimburse Lessor the cost of all approved Change Orders, up to a maximum of \$25,000, in a lump sum or by amortizing such costs over the term of the lease at a rate of seven and a quarter percent (7.25%). The Chief Administrative Officer, is hereby authorized to approve change orders on behalf of Lessee. Lessor, or Lessor's contractor, shall submit to the Chief Administrative Officer, with each requested change order (a) a specific cost of the requested change; (b) the cumulative net total cost of all change orders previously approved; and (c) an estimate of the construction time which will be increased or shortened if the change order is approved. Each change order shall be signed and dated by the Chief Administrative Officer to be considered approved. Lessee shall have the right to audit the cost of the changes for a period of twenty-four months from the date of commencement of the term. In the event Lessee requests a rent reduction due to its audit of these costs, Lessee shall provide Lessor with a copy of the audit summary as part of its request.

E. Lessee Remedies

If Lessor fails to obtain the building permit within a reasonable time, taking all factors into consideration, or if tenant improvements have not been completed within seventy-five (75) days from the estimated time of completion, which period shall be extended for a reasonable time for delays enumerated in subparagraph B above, Lessee may, at its option:

1. Cancel the Lease upon thirty (30) days written notice to Lessor; or
2. Upon thirty (30) days written notice to Lessor, assume the responsibility for providing the tenant improvements itself.

If Lessee elects to provide tenant improvements itself, then:

- (a) Lessee, its officers, employees, agents, contractors and assignees, shall have free access to the Premises at all reasonable times for the purpose of

constructing the tenant improvements and for any other purposes reasonably related thereto.

26. **RENTAL ADJUSTMENTS:**

A. Adjustment Period

For each successive twelve (12) months of the original term of this Lease, and in the event Lessee exercises its option pursuant to Paragraph 2(b) for each successive twelve (12) month period thereafter, the monthly base rental as set forth in Paragraph 3 shall be subject to adjustment. At the first anniversary date of the first day of the first full calendar month following the commencement of the terms of this Lease and every twelve months thereafter, the rent shall be adjusted in accordance with the CPI formula set forth in Paragraph 26B. The “Base Index” shall be the Index published for the month the Lease commences.

B. Adjustment Formula

The method for computing the annual rental adjustment shall be by reference to the Consumer Price Index for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84 = 100), herein referred to as “Index”.

The rental adjustment for the base rent shall be calculated by multiplying the Lessor’s base rent by a fraction, the numerator being the New Index published in the month immediately preceding the month the adjustment is effective, and the denominator being the Base Index which is the Index published for the month the Lease commences then add or subtract to the total result the amount needed to amortize Lessee’s additional tenant improvements plus change order costs, if any. The formula shall be as follows:

$$\frac{\text{New Index}}{\text{Base Index}} \times \$6,692.00 = \text{New Monthly Rent to be computed cumulatively}$$

The total of the base rent, the monthly cost to amortize additional tenant improvements and change orders, if any, shall be the new monthly rental rate, i.e.:

New Monthly Rent	
+ the amount required to amortize Lessee’s additional	
Tenant Improvements if any	
+/- the amount to amortize change orders, if any	
=	New Monthly Rental Rate

If the Index is changed so that the base year of the Index differs from that used as of the commencement date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. In the event the parties are unable to agree upon a substitute index (if the original index is discontinued without a replacement) then upon demand by either party, the matter shall be submitted to arbitration in accordance with the provisions of Code of Civil Procedure Section 1280 et seq as they now exist or may later be amended for the purpose of determining an alternate method of computing the rent adjustment based upon the increase in the cost of living.

C. General Provisions:



1. In no event shall the monthly rent adjustment based upon the CPI formula set forth in this Paragraph 26 result in an annual increase greater than four percent (4%) per year of the monthly base year rent of \$6,692.00 (i.e., \$267.68 per month annually).
2. In no event shall the monthly rent be adjusted by the CPI formula to result in a lower monthly rent than was payable during the previous year of the lease.

27. OPERATING COSTS:

Lessee shall pay to Lessor at all times set forth in this paragraph Lessee's share of the increases in Lessor's operating costs for the building in which the premises are located over the operating costs for calendar year 2003 ("base cost year"), which is guaranteed to be \$.56 per rentable square foot per month.

In no event shall Lessee's share of the increase in Lessor's operating costs, exceed 4% per year of the base cost year (\$.56 per square foot per month).

Lessee's proportionate share of the increase in operating costs shall be the percentage of the total increase in Lessor's operating costs that the total number of square feet in the premises bears total number of leasable square feet in the building in which the premise are located. The operating costs for the base cost year shall be adjusted to compensate for any vacancies in the building during the base cost year so that operating costs shall be based on a 95% occupied building and shall include (1) those costs actually incurred during that year, (2) sums needed to compensate for any vacancies in the building and (3) those additional costs that would have been incurred by Lessor for servicing a particular Lessee's premises if that Lessee had not furnished its own services in whole or in part during the base cost year.

Lessor's operating costs include, without limitation, all reasonable and necessary costs incurred by Lessor in the operating, repair, maintenance and replacement in neat, clean, safe, good order and condition of the office building. The costs shall include, without limitation, utilities, supplies, janitorial services, employees' wages, social security and unemployment insurance contributions, union benefits, rubbish removal, maintenance and replacement of landscaping, and premium for public liability and property damage and fire and extended coverage insurance. These costs shall include a reasonable reserve for repair and replacement of equipment used in the maintenance and operation of the building and all costs except those property charged as a capital expense and depreciation of costs shall not include any real estate brokerage commissions, or ownership fees, clerical and accounting costs, fees and other expenses of professional persons and companies to the extent engaged in management or administrative services, or advertising expenses.

Beginning January 1, 2004, Lessor shall within thirty (30) days of the end of each calendar year of the lease term, furnish to Lessee a statement of the total operating costs for the preceding twelve (12) month period, and Lessee's proportionate share of any increases over the base (2003). The statement shall be prepared, signed, and certified to be correct by Lessor. Lessee shall pay Lessor it proportionate share of operating costs increases within thirty (30) days from receipt of the statement.

Lessor shall keep at the building where the premises are located full, accurate, and separate books of account covering Lessor's operating costs, and the statement to Lessee shall accurately reflect the total operating costs and Lessee share. The books of account shall be retained by Lessor at the building in which the premises are located for a period of at least twelve (12) months after the expiration of each calendar year. Lessee shall have the right at all reasonable times during the term to inspect the books of account.

If Lessee objects to any statement of increased operating costs submitted to Lessee by Lessor, both parties shall attempt to resolve the conflict by negotiation. If the Lessor and Lessee are not able to negotiate a resolution tot he conflict within twenty (20) days

after Lessee has given Lessor written objection to the statement, then the dispute shall be resolved by arbitration. The arbitration shall be conducted in the County of Los Angeles in accordance with the then existing provisions of the California Arbitration Act as contained in Title 9 of Part III of the California Code of Civil Procedure, commencing with Section 1280, and its successor provisions.

Notwithstanding any of the above, Lessor agrees that in the event that the City of Los Angeles and/or any other jurisdictional agency, at any time during the term of the Lease, enacts an ordinance or otherwise directs Lessor to retrofit the building with a fire sprinkler system, all direct and indirect costs associated with such installation shall be borne entirely by Lessor.

28. ASSIGNMENT BY LESSOR

Lessor may assign, transfer, mortgage, hypothecate or encumber Lessor's right, title and interest in and to this Agreement or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Lessor may execute any and all instruments providing for the payment of rent directly to an assignee or transferee, but only if the conditions set forth below are met.

Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Lessor's right, title and interest in and to this Agreement or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this [Paragraph 28](#) shall be void.

Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of the California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Agreement or any portion thereof, without the prior written consent of the County.

Violation by Lessor of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Agreement, upon which the County may impose damages in an amount equal to the greater of (a) \$500,000 or (b) 10% of the aggregate principal portion of all rental payments payable by the County during the entire term of this agreement, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Agreement or applicable law.

Lessor shall give County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

Lessor shall not furnish any information concerning County or the subject matter of this Agreement (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of the County Counsel) to any person or entity, except with County's prior written consent. Lessor shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Lessor in violation of this Paragraph. The provisions of this [Paragraph 28](#) shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Paragraph 28 [Lessor](#) is referred to, such reference shall be deemed to include Lessor's successors or assigns, and all covenants and agreements by or on behalf of Lessor herein shall bind and apply to Lessor's successors and assigns whether so expressed or not.

29. CONSIDERATION OF GAIN PROGRAM PARTICIPANTS:

Should Lessor require additional or replacement personnel after the effective date of this Agreement, Lessor shall give consideration for any such employment, openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program who meet Lessor's minimum qualifications for the open position. The County will refer GAIN participants by job category to the Lessor.

30. SOLICITATION OF CONSIDERATION:

It is improper for any County Officer, employee or agent to solicit consideration, in any form, from a Lessor with the implication, suggestion or statement that the Lessor's provision of the consideration may secure more favorable treatment for the Lessor in the award of the lease or that the Lessor's failure to provide such consideration may negatively affect the County's consideration of the Lessor's submission. A Lessor shall not offer or give, either; directly or through an intermediary, consideration, in any form, to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the lease.

A Lessor shall immediately report any attempt by a County office, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the Lessor's submission being eliminated from consideration.

31. LIMITATION OF AUTHORITY:

Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Lessor understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal Board action.

No County officer, employee, agent, or independent contractor has any authority to alter, add or delete the material terms of this Lease; and Lessor may not rely upon any representations to the contrary.

This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for tenant improvements or other project costs of Lessor which are subject to reimbursement by County. **County shall not reimburse Lessor for any expenses which exceed this ceiling.**

32. IRREVOCABLE OFFER:

In consideration for the time and expense that County will invest including but not limited to preliminary space planning, legal review, and preparation and noticing for presentation to the County Real Estate Management Commission in reliance on Lessor's covenant to lease to County under the terms of this lease offer, the Lessor irrevocably promises to keep this [offer open until 6/1703](#).

IN WITNESS WHEREOF, the Lessor has executed this Lease or caused it to be duly executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Lease to be executed on its behalf by the Chair of said Board and attested by the Clerk thereof the day, month, and year first above written.

LESSOR

COMMONWEALTH ENTERPRISES

By _____
Arthur Blech

ATTEST: LESSSEE

VIOLET VARONA-LUKENS COUNTY OF LOS ANGELES
Executive Officer-Clerk
of the Board of Supervisors

By _____ By _____
Deputy Chair, Board of Supervisors

APPROVED AS TO FORM:

LLOYD W. PELLMAN
County Counsel

By _____
Deputy: Francis E. Scott

Exhibit A - Plans And Specifications

Plans and Specifications No. 19-02 dated 4/29/03



Exhibit B - Memorandum of Commencement Date

This Agreement is dated this _____ day of _____, 20____, for reference purposes only, by and between Commonwealth Enterprises, Lessor and the County of Los Angeles, Lessee.

- 1. The parties hereto have entered into a Lease dated as of _____ (the "Lease") for the leasing by Lessor to Lessee of the buildings located at 600 South Commonwealth Avenue, Suite 1260 in Los Angeles ("the Premises").
- 2. Lessor and Lessee hereby confirm the following:
 - A. That all construction by Lessor, if any, required to be done pursuant to the terms of the Lease has been completed in all respects subject to any remaining punchlist items;
 - B. That Lessee has accepted possession of the Premises and now occupies the same; and
 - C. That the term of the Lease commenced _____.

IN WITNESS WHEREOF, Lessor and Lessee have respectfully signed this Agreement.

Lessor:

COMMONWEALTH ENTERPRISES

By _____

By _____

Lessee:

COUNTY OF LOS ANGELES

By _____

Chuck W. West
Director of Real Estate



Exhibit C - Cleaning and Maintenance Schedule

This list reflects the various cleaning and maintenance requirements for the leased office space. Responsibility for this cleaning and maintenance service belongs to the Lessor.

Daily (Monday through Friday)

1. Carpets vacuumed.
2. Composition floors dust-mopped.
3. Desks, desk accessories and office furniture dusted. (Papers and folders left on desk not to be moved.)
4. Waste baskets, other trash receptacles emptied.
5. Chairs and waste baskets returned to proper position.
6. Fingerprints removed from glass doors and partitions.
7. Drinking fountains cleaned, sanitized and polished.
8. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
9. Bulb and tube replacements, as required.
10. Graffiti expunged as needed within two (2) working days after notice by Lessee.
11. Floors washed as needed.
12. Kitchen/Lunchroom supplies replenished including paper supplies and soap.

Weekly

1. Low reach areas, chair rungs, baseboards and insides of door-jambs dusted.
2. Window sills, ledges and wood paneling and molding dusted.

Monthly

1. Floors washed and waxed in uncarpeted office area.
2. High reach areas, door frames and tops of partitions dusted.
3. Upholstered furniture vacuumed, plastic and leather furniture wiped.
4. Picture moldings and frames dusted.
5. Wall vents and ceiling vents vacuumed.
6. Carpet professionally spot cleaned as required to remove stains.
7. HVAC chiller water checked for bacteria, water conditioned as necessary.

Quarterly

1. Light fixtures cleaned and dusted.
2. Wood furniture polished.
3. Draperies or mini-blinds cleaned as required, but not less frequently than quarterly.
4. HVAC units serviced for preventative maintenance purposes, all filters changed.

Semi-Annually

1. Windows washed as required inside and outside but not less frequently than twice annually.

Annually

1. Carpets cleaned.

As Needed

1. Premises and the sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, and in clean and safe condition at all times.
2. All lawns, shrubbery and foliage on the grounds of the Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.

Exhibit D- Community and Business Enterprise Form

INSTRUCTIONS: All Lessors shall submit this form on an annual basis on or before December 30th of each year of the term of this agreement as evidence of CBE participation. The information requested below is for statistical purposes only. On final analysis and consideration, leases will be selected without regard to gender, race, creed, or color. Categories listed below are based on those described in 49 CFR Section 23.5.

Firm Name	
Address	
Contact Name	
Telephone No.	
Total # of Employees	
Business Structure*	

*Corporation, Partnership, etc.

I. MINORITY/WOMEN PARTICIPATION IN FIRM
(Partners, Associates Partners, Managers, Staff, etc.)

	OWNERS PARTNER S	ASSOCIATE PARTNERS	MANAGERS	STAFF	TOTAL
Black/African American					
Hispanic/Latin					
Asian American					
Portuguese American					
A. Indian/Alaskan					
All Others					
TOTAL					
Women*					

*Should be included in counts above and reported separately)

II. PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM

	TOTAL # OF OWNERS	% OF OWNERSHIP
Black/African American		
Hispanic/Latin American		
Asian American		
Portuguese American		
American Indian/Alaskan Native		
All Others		
TOTAL		
Women*		

*Should be included in counts above and reported separately

III. CURRENT CERTIFICATION AS MINORITY/WOMEN-OWNED FIRM
Is your firm currently certified as a minority owned business firm by the:

	yes	no	
State of California?			
City of Los Angeles?			
Federal Government?			

IV. WE DO NOT WISH TO PROVIDE THE INFORMATION REQUIRED IN THIS FORM.

	Initial	
Initial here if applicable		

SIGNED: _____

TITLE: _____

DATE: _____



Exhibit E - Memorandum of Tenant Improvement Cost

This Agreement is dated this _____ day of _____, 20____, for reference purposes only, by and between Lessor, Commonwealth Enterprises, and Lessee, County of Los Angeles.

- 1. The parties hereto have entered into a Lease dated as _____ (the "Lease") for the leasing by Lessor to Lessee of the buildings located at 600 South Commonwealth Avenue, Suite 1260, in Los Angeles ("the Premises").
- 2. Lessor and Lessee hereby confirm the following:
 - A. The final total cost of the tenant improvements is (\$ _____).

IN WITNESS WHEREOF, Lessor and Lessee have respectfully signed this Agreement.

Lessor:

COMMONWEALTH ENTERPRISES

By _____

By _____

Lessee:

COUNTY OF LOS ANGELES

By _____
Chuck W. West
Director of Real Estate



